

WALTER T. HARRIS COMPANY, INC.
BOSTON, MASS.

General Manager

MR. J. BYRON

Department of Research

BRIEF FOR RESPONDENT

WALTER T. HARRIS

General Manager

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Supreme Court of the United States

OCTOBER TERM, 1917.

No. 168.

MARCONI WIRELESS TELEGRAPH COMPANY OF
AMERICA,
Plaintiff-Petitioner,

vs.

EMIL J. SIMON,
Defendant-Respondent.

BRIEF FOR RESPONDENT.

Statement of the Case.

This case comes before the Court upon writ of certiorari to the United States Circuit Court of Appeals for the Second Circuit, granted on application of the Marconi Company, the plaintiff-appellant below.

Suit was originally brought in the United States District Court for the Southern District of New

York. The bill, filed September 24, 1915, is in the usual form and charges Simon, the respondent here, with infringement and contributory infringement, in making, selling and using wireless telegraph apparatus, alleged to be within certain of the claims of the patent sued on, and prays for an injunction and an accounting.

On filing the bill, the Marconi Company moved for a preliminary injunction. No affidavits were filed in opposition to this motion, but Simon, the defendant below, made a counter-motion to deny plaintiff's motion for injunction and to dismiss the bill; setting up (a) that he, Simon, was then a resident of the Eastern District of New York, and (b) that his acts complained of, were lawful acts in assisting the Government, a licensee under the patent sued on. Affidavits opposing Simon's counter-motion were filed by the Marconi Company, and both motions came on for hearing and were argued by counsel for the parties to the action.

For the purposes of the motion, respondent admitted all facts well pleaded, as he was required to do under the rules and practice of the Court.

In ruling on the motions, his Honor Judge Hough, after stating the facts and the law, held as follows:

"No injunction will issue. The motion to dismiss is granted, unless plaintiff elects in twenty days to plead over, and allege infringements not arising from governmental contracts. If such election is made, defendant to answer in twenty days after amended bill filed" (Rec., p. 66, fol. 106).

The Marconi Company elected not to plead over, and on its waiver of leave granted to do so, a final decree was entered November 24, 1915, from which

appeal was taken by the Marconi Company to the United States Circuit Court of Appeals, which Court, by a majority decision, affirmed the opinion of the lower Court (Rec., pp. 67, 80; 227 Fed. Rep., 906, and 231 Fed. Rep., 1021), and a short dissenting opinion was handed down by his Honor Judge Ward (Rec., pp. 81-82).

Before stating the facts, we will say for the information of the Court, that the apparatus involved in the present case is what is known as a wireless telegraph transmitting set.

In practice, it is customary to employ two sets of apparatus, one known as the transmitting set, for sending messages or signals, and the other (usually located at a distant point) known as the receiving set, for receiving the messages or signals sent out from the transmitting station.

The present case has nothing whatever to do with the receiving set, and we shall therefore be called upon only to consider the transmitting set.

As respondent, as before stated, for purposes of his motion in the Court below, admitted all facts well pleaded, there will be no occasion for the Court here to inquire into the construction and operation of the apparatus, except so far as may be necessary to understandingly confirm admissions by petitioner that the transmitting set involved in this case was incomplete, in that it lacked certain essential elements, specified in the claims in issue, and necessary for rendering the set operative for its intended purpose of transmitting wireless messages or signals.

The facts admitted and established by the evidence of record are as follows:

In the early spring of 1915, the Navy Department, following well-known governmental practice, advertised for bids from prospective contractors,

by publishing Navy Schedule No. 8121 (appearing in the record at pp. 24-31, fols. 35-41), containing specifications for certain parts of 25½ k.w. wireless telegraph transmitting sets for submarines and other light craft, and required each bidder, in order to be considered in the competition, to furnish, prior to or on the date set for opening the bids, a complete sample set of apparatus as offered in the bid, for inspection and test at the Radio Laboratory, Navy Yard, Brooklyn, N. Y. (Rec., p. 30, par. 18; see also affidavit of Mr. Bottomley, vice-president of the Marconi Co., Rec., pp. 54-55, fol. 85, and affidavit of Mr. Kintner, one of the receivers and general manager of petitioner's licensee, the National Electric Signaling Co., Rec., p. 56, fol. 86).

Thereafter and in or about April, 1915, Simon began work at the manufacturing plant of the Metropolitan Electric Mfg. Co., at Long Island City, N. Y., on the design of a wireless transmitting set to conform to the specifications of the United States Navy Department, contained in Navy Schedule No. 8121, above referred to (Rec., p. 51, fol. 80).

On or about the 20th day of April, 1915, an order was given by Simon to the Metropolitan Electric Mfg. Co., for the construction and delivery at the Brooklyn Navy Yard of a sample set to be built in accordance with the design he had developed.

The Metropolitan Company thereupon immediately proceeded to execute the order, the work continuing from day to day until the set was completed (Rec., p. 51, fol. 80).

On the day of delivery of the set at the Brooklyn Yard (June 21, 1915; see duplicate of invoice, Exhibit "A," Rec., p. 53), the truck carrying the set was first sent by Simon to the Manhattan Electrical Supply Co., in the Borough of Manhattan,

for the substitution of other condenser units, but it was found that the desired condensers were not in stock, and the set was then delivered for inspection and test to the Brooklyn Yard, without such substitution of condensers having been made (Rec., pp. 51-52, fol. 80).

The sample set referred to above, along with the sample sets of the other competing bidders, was thereafter examined and tested at the Brooklyn Navy Yard by Government employees, under the direction of a Naval Officer, to determine whether or not it fully complied with the Navy specifications, and an official report was made to the Navy Department, Washington, D. C., on the several sets submitted (Rec., p. 52, fol. 81).

The Bureau of Steam Engineering of the Navy Department, after considering the report of the Brooklyn Yard, recommended that Simon be awarded the contract to furnish the Navy Department twenty-five sets of apparatus similar to the sample he submitted.

The letter from the Acting Secretary of the Navy Department (Rec., pp. 60-61) states:

"The award of the twenty-five $\frac{1}{2}$ k.w. radio transmitting sets under schedule 8121 was made to Mr. E. J. Simon for the reason that the sample set submitted by Mr. Simon was the only set which could be said to have been practically satisfactory within the specifications."

Simon was not the lowest bidder, as contended by petitioner, but he was, in the opinion of the naval authorities, the best bidder, in that the apparatus devised or "laid out" by him was, in compactness, strength, adjustment and other purely

mechanical attributes, the best offered (Opinion below, see Rec., p. 63, fol. 101).

The sample sets submitted by the National Electric Signaling Co. and the National Electrical Supply Co., both licensees of the Marconi Company, were rejected and, as stated by the Acting Secretary of the Navy in the letter above referred to, this action was "*without question due to both failure to stand up under test and failure to comply with specifications*" (Rec., p. 60, fols. 96-97).

It is interesting to note here that, in direct contradiction of the statement of the Acting Secretary of the Navy above quoted, the following appears in petitioner's brief at page 7:

"It also appeared from petitioner's affidavits * * * that the bids and sample sets of the licensees of the petitioner complied in all respects with all of the requirements of the Navy specifications, as to efficiency, time of delivery, etc."

On the day the bill of complaint herein was filed, to wit, the 24th day of September, 1915, *the award of the contract between Simon and the United States had been officially made*, but the contract itself had not been formally entered into, and was not executed by Simon until the 9th day of October, 1915, after which it was executed on behalf of the United States (Rec., p. 52, fol. 81).

So far as appears from the evidence of record, the making of the sample set is the act of infringement alleged, and the fulfillment of the contract, by multiplying similar apparatus up to the limit of the contract, is what was sought to be prevented by preliminary and final injunction.

In conclusion, it may be stated that since suit was brought, Simon has delivered the apparatus called for by the contract and it has been installed and is now in use on war vessels of the United States Navy.

The Issue.

The only question this case brings up for consideration is one that, in our opinion, which is supported by the decisions of the Courts below, has been fully, finally and conclusively answered by this Court in *Crozier v. Krupp* (224 U. S., 290-306).

The point at issue is whether, under the provisions of the Act of June, 1910, the adoption and use by the United States of a patented invention, without the consent of the owner of the patent, is a licensed transaction or an infringing transaction.

ARGUMENT.

The Sample Set—The Alleged Infringing Apparatus.

As far as appears from the evidence before the Court, the petitioner relies wholly and entirely upon and has limited its proofs to the manufacture by the respondent and subsequent delivery to the Government, of a sample set of certain parts of a wireless transmitting apparatus, as a basis for and to establish the charge of alleged infringement.

The proofs are in the form of affidavits filed by the petitioner; a number in support of its motion

for preliminary injunction, and others in opposition to the respondent's counter-motion to dismiss the bill, and all are directed to the single transaction involving the making and delivery by Simon of the sample set to the Government.

The absence of proof as to the manufacture and delivery by the respondent to the Government of additional sets of similar apparatus, is accounted for by the fact that when the bill was filed (September 24, 1915), the contract with the Government covering such additional sets had not been formally entered into, as above stated, and the sample set was, at that time, the only tangible thing available to the petitioner on which to base the present suit. This is admitted by the petitioner in its brief at pages 3 and 4, in paragraphs numbered 2 and 3.

**The Sample Set Was Designed and Manufactured
Under the Authority and at the Request of
the Navy Department.**

On this point attention is first called to the specific requirement in Navy Schedule No. 8121 (Rec., p. 30, par. 18), as follows:

"Only those bidders will be considered who, prior to the time fixed for opening the bids, shall have delivered one complete sample set of apparatus as offered in bid on this schedule for inspection and test at the Radio Laboratory, Navy Yard, Brooklyn, N. Y."

We have also, in addition to the requirement above, the statement to the same effect by the Acting Secretary of Navy (Rec., p. 60, fol. 96), as follows:

"Each bidder was required to submit a sample set, complete with his bid."

Further, plaintiff's vice-president, Mr. Bottomley, not only admits that Simon was *required* by the Navy Department to build and submit the sample set, but goes further and states that *it was the practice* of the Department to require contractors to submit sample sets either before or with their bids.

He says (Rec., pp. 54-55, fol. 85) that under

"The *practice* of the Navy Department in asking for bids such as that of Schedule 8121 * * * *contractors are required* to submit, either before or with their bid, a sample set." (Italics mine.)

Attention is also called to a like admission by Mr. Kintner, one of the receivers of the petitioner's licensees, the National Electric Signaling Co., as follows (Rec., p. 56, fol. 88) :

"Last spring the Bureau of Supplies and Accounts of the Navy Department issued proposals * * * known as Schedule No. 8121, *soliciting* bids * * * for 25 * * * transmitting sets of wireless telegraph apparatus, and *requiring* a sample set * * * to be submitted before or with his bid." (Italics mine.)

Notwithstanding these admissions, we find (see plaintiff's brief, paragraphs 2 and 3, pp. 3-4) plaintiff attempting to show that Simon manufactured the sample set prior to the time the Navy advertised for bids.

In an affidavit which accompanied Simon's motion below to dismiss (Rec., p. 51, fol. 80), he states that about April, 1915, he began work on "the design of a wireless transmitting set to *conform with specifications of the United States Navy*

Department, contained in schedule known as No 8121." (Italics mine.)

And there is also correspondence of record in this case, dated in May, 1915, between Simon and the Navy Department (Rec., p. 32, fols. 42-43), in which Navy Schedule No. 8121 is mentioned and reference is made to the sample set, then in course of construction.

In the absence of proof to the contrary, and plaintiff has offered no such proof, the Court will, it is believed, accept the showing above, as quite sufficient to establish the fact that Simon did not begin work on the design of the sample set until after publication by the Navy of Schedule No. 8121.

**Respondent's Sample Set Was Manufactured from
and in Accordance with the Specifications
Contained in Navy Schedule No. 8121.**

No difficulty is anticipated in proving to the satisfaction of the Court that the respondent Simon, as well as all other competing bidders, relied wholly and entirely upon the data contained in the published Navy Schedule No. 8121 for their information and guidance in determining, first of all, what the Government wanted in the way of wireless telegraph apparatus, and secondly and thereafter, in building the required sample set in accordance with the knowledge and understanding thus gained.

This is nowhere denied in the record, nor is there any denial in the record that the Navy specifications, forming part of Navy Schedule No. 8121, in accordance with which specifications Simon's sample set was built, were prepared in and by the

Navy Department and without the assistance, co-operation or knowledge of the respondent.

Mr. Kintner, general manager and one of the receivers of petitioner's licensee, the National Electrical Supply Company, states in his affidavit (Rec., p. 56, fol. 88) :

"The bidders simply *were required* to supply the transmitting sets consisting of certain parts and apparatus of their own design and get-up, *keeping within the limits of what was required by the specification of Schedule No. 8121.*" (Italics mine.)

Petitioner's expert, Mr. Waterman, admits that the construction and intended mode of operation of Simon's sample set was that called for by the Navy specifications. Mr. Waterman says (Rec., p. 46, fol. 70) :

"The construction and intended mode of operation of the sample set" (Simon's) "as described in Mr. Sarnoff's affidavit, and shown in the drawings annexed thereto, *is substantially that called for by the*" (Navy) "*specification No. 8121.*" (Italics mine.)

In the face of the above and other admissions of petitioner's affiants, to which we shall presently call attention, we find plaintiff strenuously contending and endeavoring to persuade this Court (see plaintiff's brief, pp. 3-7) that the alleged infringement was the direct outgrowth of respondent's design and that, therefore, he alone is chargeable; which contention completely ignores facts admitted by the plaintiff, as we shall show that the Government not only took the initiative in arranging for the production of the apparatus, but continued active thereafter, by directing and approv-

ing the manufacture and subsequently added parts necessary to complete the same and bring it within the claims of the patent in suit, if it is within the claims.

In further support of the position we take on the point discussed above, attention is again called to the statement in the letter from the Acting Secretary of the Navy as follows (Rec., p. 60, fol. 96) :

"The award * * * was made to Mr. E. J. Simon for the reason that the sample set submitted by Mr. Simon *was the only set* which could be said to have been practically within the" (Navy) "specifications." (Italics mine.)

The petitioner takes the position in its brief (p. 6) that the above showing that respondent's apparatus was the only one that practically complied with the Navy specifications was an afterthought.

The answer to this is that, in view of certain misleading statements made in petitioner's brief (p. 7) and by petitioner's affiants (Kintner and Townsend, Rec., pp. 56-57, fols. 88-91), in rebuttal on respondent's counter-motion to dismiss the bill, to the effect that the sample sets submitted by petitioner's licensees fully complied with all the Navy specifications as to efficiency, etc., respondent requested the Secretary of the Navy to state the facts to the Court, and the letter written by the Acting Secretary (Rec., pp. 60-61, fols. 96-97) showed :

First—That the sample sets submitted by petitioner's licensees (National Electric Signaling Co. and National Electrical Supply Co.) were rejected without question due both to failure to stand up under test and failure to comply with specifications.

Second—As stated above, that the contract was awarded to Simon because the sample set he submitted was the only set which could be said to have been practically satisfactory within the specifications; and

Third—That Simon was not the lowest bidder.

Use of the Patent Necessarily Involved in Complying With Navy Specifications.

The Court will also note that in addition to the above admissions that bidders were required to keep within the limits of the Navy specifications, etc., etc., petitioner further asserts that contributory infringement was necessarily involved in complying with the specifications.

Petitioner's expert Mr. Waterman says (Rec., p. 45, fol. 69) :

"There is no doubt in my mind that this specification" (Navy specification, Schedule 8121) "could not be substantially complied with by the defendant Simon except by offering to supply and supplying the vital and material parts of the invention of claims 1, 3, 6, 8, 11 and 12 of the patent in suit, with the intention that such parts were to be combined with the antenna and ground or earth connections indicated in the patent." (Italics mine.)

To the same effect, attention is called to a statement in an affidavit of Mr. Townsend, vice-president of the National Electrical Supply Company, one of petitioner's licensees (Rec., p. 57, fol. 90), as follows:

"On Schedule No. 8121 S. E. the Navy Department of the United States called for proposals to supply 25 one-half k.w. radio transmitting sets, the bids to be opened on June 22nd, 1915, and the apparatus called for in the specifications required by the Navy Department to accompany any bids *necessarily, in our judgment*, called for the utilization of the Marconi patent No. 763,772." (*Italics mine.*)

In *Brooks v. United States*, 39 Ct. Cls., 494, a contract with the Government for the building of certain vessels contained provisions which (as in the case at bar) could not be carried out unless the contractor, in constructing the vessels, used a certain patented method. In ruling on that case, the Court of Claims held that use of the patented method by the contractor in the construction of the vessels was a taking by the Government, which rendered the Government liable under an implied license. Speaking through Mr. Justice Peele, the Court said:

"The first question, therefore, is, What is a taking within the meaning of that clause of the Constitution? We think it may be regarded as settled law that where an officer of the Government, having authority to act, takes or appropriates to public use property, admitting it to be private property, an implied contract will arise to make compensation. * * *

* * * * *

But when the Government, by its proper officer, having authority to use and appropriate a patented invention, the ownership of which it concedes in the patentee, obligates a contractor, in express terms, to use such invention, it is bound to know that such contract cannot be executed without

the use and consequent taking of such invention; and having been so taken, the Government cannot successfully defend on the ground that the use by the contractor was an infringement for which no liability attaches to the Government, for the reason that the taking was by direction of the Government with the consent of the owner of the patent.

* * * * *

It would seem that when the United States required the contractor to use the claimant's invention, nothing was left to consummate the taking but the execution on the part of the contractor of the operative or mechanical act of its use. It is in analogy as if the Government had employed the contractor to carry out its predetermined purpose in the use of the particular method of caulking and thereby mediately, instead of immediately, reached the result.

The taking was not of a thing having physical existence, like lands or cattle, but was of an 'exclusive right' secured to the claimant by the Constitution (Art. I, Sec. 8), which gives such right the character of property. And the laws which have been passed to give effect to that purpose have been construed, as Chief Justice Marshall said they ought to be, 'in the spirit in which they were made.' (*Grant v. Raymond*, 6 Pet., 218-242.)"

Failure of Proof of Direct Infringement by Defendant.

There is an admitted failure of proof of direct infringement, as we shall now show. As before stated, the Navy specifications did not call for complete radio transmitting sets, but only for certain parts of such sets, so that Simon was not required

and therefore did not incorporate in or include with the sample set furnished the Navy Department, certain elements which were essential, first, to complete the set and make it operative for wireless transmission or any other useful purpose, and second, to fully answer the several claims sued on, each of which specifically includes the elements referred to.

It would unnecessarily lengthen this brief to state the parts which make up the sample set, as manufactured and delivered by Simon to the Navy Department, and it would serve no useful purpose here to do so, particularly as the parts supplied are those indicated in the Navy specifications (Rec., pp. 25-31, fols. 36-41).

It will be sufficient for present purposes to point out parts *not* supplied by Simon, with particular reference to the claims in issue of the patent in suit.

Each of these claims calls, in substance, for an *antenna*, as well as circuit connections. These elements, *which were not supplied by Simon*, are referred to in the several claims as follows:

Claim 1, "an open circuit electrically connected," etc.

Claim 3, "an open circuit electrically connected with," etc.

Claims 6 and 8, "an open circuit including a radiating conductor at one end and capacity at the other end."

Claims 11 and 12, "an aerial conductor connected," etc.

Petitioner's expert, Mr. Waterman, admits that without the antenna and connections, Simon's sample set, to use Mr. Waterman's expression, "would

be practically inoperative and useless for all the purposes intended" (Rec., p. 43, fol. 66).

He further admits that Simon did not supply these elements, by stating that the set Simon manufactured and delivered was furnished "*with the intention*" that it was "*to be combined with the antenna and ground or earth connections indicated in the patent*" (Rec., p. 45, fol. 69; see also Rec., p. 48, fol. 75).

That is to say, according to Mr. Waterman's testimony, Simon furnished the Navy Department certain parts of the apparatus, with the knowledge and intention that such parts were to be combined and used by the Navy with additional parts, obtained by the Navy from some other source, and that such additional parts were necessary to make the set operative for wireless transmission.

Admittedly, the apparatus Simon supplied to the Navy does not in itself infringe the patent in suit *because it lacks these essential elements of the claims in issue*. Therefore, Simon's position before this Court, taking the most favorable view for the petitioner, is not that of an alleged direct infringer, but rather an alleged indirect or contributory infringer, as will be plainly evident.

Contributory Infringement.

Manifestly, there can be no argument of infringement based upon the manufacture of the apparatus which Simon supplied to the Navy Department—with nothing more. Therefore, petitioner is driven into the position that the Navy Department, in installing Simon's apparatus, adds certain things to it, which result in producing a system embodying

the alleged invention of the Marconi claims in issue and which, therefore, infringes these claims.

There is no better or clearer definition of contributory infringement than that stated by Judge Shepley in *Saxe v. Hammond*, 1 Banning and Arden, page 629, as follows:

"Different parties may all infringe by respectively making or selling, each of them, one of the elements of the patented combination, provided those separate elements are made for the purpose and with the intent of their being combined by a PARTY HAVING NO RIGHT TO COMBINE THEM. But the mere manufacture of a separate element of a patented combination, unless such manufacture be proved to have been conducted for the purpose and with the intent of *aiding infringement*, is not in and of itself, infringement." (Caps mine.)

The rule here laid down has been quoted and referred to with approval in many cases, including that of *Heaton Co. v. Eureka Co.*, 77 Fed. Rep., 288; *Thomson-Houston Co. v. Ohio Brass Works*, 80 Fed. Rep., 712, and *Bullock Co. v. Westinghouse Co.*, 129 Fed. Rep., 110.

In the *Thomson-Houston* case, Judge Taft, delivering the opinion of the Court, said (80 Fed. Rep., 721):

"An INFRINGEMENT of a patent is a TORT analogous to trespass or trespass on the case. From the earliest times, all who take part in a TRESPASS whether by actual participation therein, or by aiding and abetting it, have been held to be jointly and severally liable for the injury inflicted. There must be some concert of action between him who

does the injury and him who is charged with AIDING AND ABETTING, before the latter can be held liable. When that is present, however, the joint liability of both the principal and accomplice has been invariably enforced." (Caps mine.)

In the *Bullock* case, above referred to, the Court said (129 Fed. Rep., 111):

"The intent and purpose that the element made and sold shall be used in a way that shall INFRINGE the combination in which it is an element constitutes the necessary concert of action between him who furnished the single part and him who actually does the injury by the assembling and using of all the parts IN SUCH A WAY AS TO BE INFRINGEMENT." (Caps mine.)

It is unnecessary to quote further from these or other cases, it being quite clear that there can be no contributory infringement without a principal and an accomplice in wrongdoing, in other words, an accomplice who furnishes certain parts, and a principal who furnishes other parts and not only completes the combination, but in doing so commits an unlawful act, that is to say, infringes the patent.

Therefore, in order to sustain the petitioner's contention as to contributory infringement, this Court must view the Federal Government and this respondent as conspiring together, or acting in concert, the former as principal and the latter as an accomplice, to commit an unlawful act, namely, infringement of the Marconi patent here in suit. Such a view is not possible under the Act of June 25, 1910, and the decisions in *Crozier v. Krupp*, *supra*, and *International Co. v. Cramp & Sons* (211 Fed., 124-152). Therefore, respondent cannot be

viewed as an infringer, *contributory or otherwise*. If he were so viewed, it would necessarily follow that this Court would have to view the Federal Government as an infringer, as guilty of committing unlawful acts, and as the principal in a conspiracy in wrongdoing, with the respondent as an accomplice; in other words, it would have to hold that *the Federal Government has no right of eminent domain as to patented inventions*.

But under the Act of 1910, as interpreted by this Court in *Crozier v. Krupp*, it is clear that the Federal Government had a lawful right to make and use patented inventions, subject to the obligation to make *just compensation* to the patent owner for the property so taken.

A case which is helpful on the question of contributory infringement, on the facts as they exist here, is that of *Bullock Co. v. Westinghouse Co.*, 129 Fed. Rep., 105, previously referred to. There the plaintiff contended that the defendant was guilty of contributory infringement in that it sold a certain kind of motor, constituting the gist of the invention of certain Tesla patents involved in that suit. The facts as to such sale were that the motors were actually sold, but for use in Canada. It was argued, however, that as the motors, when used in Canada, were so used with the other elements (added in Canada) of the claims of the Tesla patent, the defendant was guilty of contributory infringement.

The lower Court took this view, but the Appellate Court overruled it on the ground that there could be no contributory infringement unless the motors were to be unlawfully used, and that as they were not to be used with the other elements of the Tesla patent claims, except in Canada, there was no unlawful use, but, on the contrary, a lawful

use, the Canadian purchaser having a lawful right, so far as the Tesla American patents are concerned, to so use the motors in Canada, which, of course, was beyond the monopoly of the Tesla American patents.

The Court said :

“But did the defendants infringe either of the combination claims, or disobey the injunction of the court, by making and sending to Canada a single element of those claims with the intention and for the purpose of being there used in one or other of the combinations of the patent? The monopoly of the patents did not extend to Canada. The patented devices were open to be there made or sold or used, because the monopoly of the patent is limited to the United States and its territories. Unless, therefore, the making and selling of a single element of a patented device, within the limits of the United States, with the intention that it shall be sent without the United States, and there used in association with the other elements of the combination, constitutes infringement, the defendants did not disobey the order of the court. But unless the making and sale of the single element WAS WITH THE INTENTION AND PURPOSE OF AIDING AND ABETTING ANOTHER TO INFRINGE, there would be no contributory infringement under the well-settled law upon that subject. * * *

The finding that the intent and purpose in making and selling this motor was that it should be used in the patented devices in Canada is a finding against any infringing purpose. It would not be an infringement to put the motor to the use intended, because that use was beyond the protection of the patent. THE DEFENSE IS AS COMPLETE AS IF THE INTENT HAD BEEN TO FURNISH THE MOTOR TO ONE HAVING A LICENSE TO MAKE, SELL AND

USE. In neither case would there be an intent to assist in an infringement, and without such intent, the plaintiff-in-error was not infringing the patents or disobeying the order of the court. What we have said applies as well to the method patent as to the combination claims. THERE MUST BE SHOWN AN INTENT TO ASSIST ANOTHER IN AN INFRINGING USE OF THE PATENTED METHOD. There being no intent to provide means by which another might unlawfully use the Tesla method, there is no contributory infringement." (Caps mine.)

Here, too, the respondent's apparatus is furnished "to one having a license to make * * * and use" the same, namely, the Federal Government, which has such a license under the Act of June 25, 1910.

And attention is called particularly to the statement in the opinion just quoted, that in order to establish contributory infringement, "there must be shown an intent to assist another in an INFRINGING use of the patented methods." Use by the Federal Government cannot be considered as an infringing use under the Act of June 25, 1910, in view of the ruling of this Court in *Crozier v. Krupp* that:

"the statute, looking at the substance of things, provides for the appropriation of a license to use the inventions, the appropriation thus made being sanctioned by the means of compensation for which the statute provides."


Whatever may have been the character or quality of the act of the Government officer with whom Simon negotiated, the completion and use by the Government of the apparatus in question was clearly an adoption by the United States of the act of

the officers when and as committed, and caused such act to become, in virtue of the statute, a rightful appropriation by the Government, for which compensation is provided.

It is perfectly clear, therefore, that the respondent has not been guilty of contributory infringement; further, that he cannot be viewed and dealt with as a contributory infringer; and finally, that there is no cause of action and no ground either for the issuance of an injunction or an order for an accounting.

The mere fact that general injunctions have heretofore been granted in certain suits (Petitioner's Brief, p. 3) brought by the petitioner against manufacturers of wireless telegraph apparatus--and that the Courts have excepted from such injunctions transactions with the Federal Government, upon the giving of a bond by the defendants in such actions--does not aid petitioner in the present suit, for the following reasons:

The character of the alleged infringements in each of these cases is not stated in the petitioner's papers. According to our information, however, each of the defendants was engaged in the business of *manufacturing and selling* wireless telegraph apparatus *commercially*, its transactions with the Federal Government being mere incidents of such business. In the present case, however, there is no evidence that respondent is or ever has been engaged in this business commercially. There are unsupported statements and allegations to that effect by petitioner, but they are not evidence. The fact is, that everything he has done in the way of manufacturing wireless telegraph apparatus, was done as a contractor for the Navy Department, to which he supplied such apparatus.



It may be added that it does not appear that the defendants, in the several cases in which the patent in suit was involved, called the attention of the Court to the Act of June 25, 1910, as interpreted and construed by this Court in *Crozier v. Krupp* and later followed in the case of *International Co. v. Cramp & Sons Co.* (211 Fed. Rep., 124-153), to which further reference will be made herein. The only point raised by the defendants in the cases referred to in reference to the exception in the injunction of transactions with the Government, was directed to the amount of the bond the defendants were required to furnish.

When, however, the Act of June, 1910, and the *Krupp* and *Cramp* cases were brought to the notice of his Honor, Judge Veeder, in the later case of the petitioner here, the *Marconi Co. v. Lowenstein*, in the United States District Court for the Eastern District of New York, the motion of the Marconi Company was denied both as to the injunction and bond.

Judge Veeder, on the motion of the complainant the Marconi Company, for preliminary injunction, ruled as follows:

"I am persuaded that the necessary effect of the Act of June 25, 1910, is to preclude the issue of any injunction to restrain the defendant from dealing with the Government. The further question whether the defendant is nevertheless liable to the complainant for an accounting is not involved in this motion, and may be reserved for the final hearing. Motion denied.

VAN VECHTEN VEEDER,
U. S. J.

Memorandum
Oct. 1, 1914."

Following *Marconi Co. v. Lowenstein*, just referred to, came the present case, in which the question of the liability of the defendant to the complainant for an accounting was directly in issue, and, after carefully considering this point, the lower Court dismissed the suit on the authority of the decision of this Court in *Crozier v. Krupp*, holding the use of a patented invention by the Government, without the consent of the owner, to be a lawful use, under its power of eminent domain.

Taking Under Eminent Domain Makes the United States the Real Defendant.

The facts admitted and established by the evidence conclusively show that the real defendant here is the United States.

It was the Navy Department that decided upon and elected to use the apparatus the petitioner contends is within the patent in suit.

It was the Navy Department that advertised and solicited bids for the apparatus and required each bidder to make and submit a sample set.

It was the Navy Department that designated and authorized the respondent, Simon, along with several others, to furnish certain parts of a wireless transmitting apparatus for examination and test, which parts are herein termed a sample set.

It was the Navy Department that added the essential elements necessary to make the incomplete and inoperative apparatus Simon furnished complete and operative for wireless transmission; and

It was the Navy Department's completion and use of the apparatus that brought it within the claims of the patent in suit, if it is within the claims.

From these facts, it would appear that the Government was the instigator of the alleged infringe-

ment; further, that the Government arranged for and supervised the development of the alleged infringing apparatus; and finally, that it was the Government that committed acts necessary to the completion of the apparatus; the respondent Simon being employed by the Government at an intermediate stage only, to do certain specified things in assisting the Government in partially carrying out its preconceived plans.

The Navy Department committed itself and assumed full responsibility for its selection of apparatus, when it advertised Navy Schedule No. 8121, and solicited bids for the apparatus called for by the specifications contained in the schedule.

Under the circumstances, the Marconi Company has plainly mistaken its remedy, as the action should clearly have been brought against the Government in the Court of Claims. In fact, the Marconi Company has recently brought such a suit, basing it, in part at least, on the same patent and apparatus involved in this case.

"The statute endows any owner of a patent with the right to establish contradictorily with the United States the truth of his belief that his rights have been in whole or in part appropriated by an officer of the United States." (*Crozier v. Krupp, supra.*)

Petitioner raises the point that the Government cannot become a licensee under the Act of 1910, though this Court says it can and does, for the reason that under the provisions of the Act all defenses are open to the Government, when sued in the Court of Claims, and a licensee is estopped to deny the validity of a patent under which it is licensed.

Differing from the view expressed by petitioner, this Court, in *Crozier v. Krupp*, after ruling that the statute provides for the appropriation by the United States of a license, refers with approval to the "nature and character of the defenses which the statute prescribes may be made by the United States to such an action when brought."

This Court also held in *Crozier v. Krupp*, in effect, that the Act of 1910 constitutes an express license agreement between the United States and owners of valid patents used by the Government under the terms of which agreement the consent of the owners to such use is implied in law, in consideration for which the Government on its part binds itself to pay them just compensation.

It is evident from the provisions of the Act, as interpreted and construed in *Crozier v. Krupp*, that Congress in framing it distinguished between use by an individual of a patented invention without the consent of the owner being first obtained, and a similar use by the Government, otherwise there would have been no reason for incorporating in the Act the special provision under which the United States may avail itself of any and all defenses, general and special, which might be pleaded by a defendant in an action for infringement.

It is a familiar and well-established rule of law that in an action on an express contract the defendant licensee is estopped to deny title, validity of the patent, etc., and it would, therefore, seem to follow that without the special provision, above referred to, in the Act of 1910, the Government would likewise be similarly estopped from interposing such defenses in suits brought under the Act, as they would be in the nature of actions on an express contract.

If, as contended by the Marconi Company, the Act of 1910 amounts to nothing more than a consent by the United States to be sued in tort, there would have been no need for the special provision permitting all defenses to be interposed by the Government.

Prior to the Act of 1910 the defendant in an infringement suit was given leave by statute to make such defenses, and surely the Government, if sued as an infringer, would have the same rights and privileges as the individual, without requiring special legislation in its behalf as to such rights and privileges already existing in favor of the citizen.

Eminent Domain.

The ruling in *Crozier v. Krupp*, that, in the opinion of this Court, "there is no room for doubt that the statute makes full and adequate provision for the exercise of the power of eminent domain for which, considered in its final analysis, it was the purpose of the statute to provide," appears to be a decisive answer to all petitioner's contentions and arguments. Petitioner challenges the expression of opinion on the part of the Court. We therefore submit a review of cases bearing on the question involved in this challenge.

This Court, in *Hollister v. Benedict Manufacturing Company*, 113 U. S., 59, recognized the right of the Government to appropriate property such as patents, holding that the use of a patented invention by the Government, *without the consent of the patentee or owner*, was a clear case of taking under the power of eminent domain, upon which the law would imply a promise of compensation, and sug-

gested that an action for the recovery of the same "might be brought" in the Court of Claims.

In that case the Circuit Court had sustained a bill against a revenue officer charged with infringement of a patent for improvements in revenue marks or labels (4 Fed. Rep., 83), and in reversing the decree (on the ground that the alleged improvement lacked patentable novelty) this Court suggested that the suit should be against the United States, not against an officer of the Government, saying further (113 U. S., p. 67) :

"If the right of the patentee was acknowledged, and, *without his consent*, an officer of the Government, acting under legislative authority, made use of the invention in the discharge of his official duties, *it would seem to be a clear case of the exercise of the right of eminent domain*, upon which the law would imply a promise of compensation, an action on which would lie, within the jurisdiction of the Court of Claims, such as was entertained and sanctioned in the case of *The United States v. The Great Falls Manufacturing Co.*, 112 U. S., 645. And it may be that, even if the exclusive right of the patentee were contested, such an action might be brought in that Court, involving all questions relating to the validity of the patent." (Italics mine.)

Again, in *United States v. Lynah*, 188 U. S., 445, Mr. Justice Brewer said :

"Very different from this proprietary right of the government in respect to property which it owns is its governmental right to appropriate the property of individuals. All private property is held subject to the necessities of government. The right of eminent domain underlies all such rights of property. The government may take per-

sonal or real property whenever its necessities or the exigencies of the occasion demand. So the contention that the government had a paramount right to appropriate this property may be conceded, but the Constitution in the Fifth Amendment guarantees that when this governmental right of appropriation—this asserted paramount right—is exercised it shall be attended by compensation.

The government may take real estate for a post office, a court house, a fortification or a highway; or in time of war it may take merchant vessels and make them part of its naval force. But can this be done without an obligation to pay for the value of that which is so taken and appropriated? Whenever in the exercise of its governmental rights it takes property, the ownership of which it concedes to be in an individual, it impliedly promises to pay therefor. Such is the import of the cases cited, as well as of many others."

To the same effect attention is called to the ruling of the Fourth Circuit Court of Appeals, which Court, after discussing this question at length in the case of *Dashiell v. Grosvenor* (66 Fed. Rep., 334), reversed the decree of the lower Court enjoining an officer of the Government, and remanded the case with instructions to dismiss the bill.

In this case the Court of Appeals say:

"The title the individual citizen has to property is good as against all other citizens, but it must yield to the necessity of the Government and submit to the social requirements and rights of the general public; and this right of the Government to protect itself and defend its own is not to be controlled by any other person, company or corpora-

tion. *The only restriction, as we have already remarked, is the constitutional requirement that just compensation shall be made to the owner for property so taken.* The proper mode of proceeding in order to secure compensation for private property taken for public use *without the consent of the owner, and in the absence of legal action for condemnation*, has received judicial consideration, the Supreme Court of the United States having at different times plainly indicated the same, particularly in cases where the Government has used an invention without permission of the owner of the Letters Patent protecting the same. *Kohl v. U. S.*, 91 U. S., 367, 374; *James v. Campbell*, 104 U. S., 356; *U. S. v. Great Falls Manufacturing Co.*, 112 U. S., 645, 656, 5 Sup. Ct., 306; *Hollister v. Benedict and B. Manuf'g Co.*, 113 U. S., 59, 5 Sup. Ct., 717; *U. S. v. Palmer*, 128 U. S., 262, 9 Sup. Ct., 104; also the following cases in the Court of Claims: *Schilling's case*, 24 Ct. Cl., 278, 298, *Gill's case*, 25 Ct. Cl., 415; *Berden's case*, 26 Ct. Cl., 48. * * *

We think that the consent of the owner of a patented device while it is desirable and should be obtained, if it conveniently and reasonably can, is not positively necessary in order to enable the United States to use the invention described in the letters patent, particularly in cases where it relates to the mode of construction of implements of warfare required by the Government, and indispensable to the armament of its vessels of war. *Such right to take and use the property of the citizen for Government purposes is indisputable—an inborn element of sovereign power essential to the independence and perpetuity of the nation.*" (Italics mine.)

On appeal this Court affirmed the Circuit Court of Appeals (*Dashiell v. Grosvenor*, 162 U. S., 425), but upon a different ground, *i. e.*, non-infringement, and added:

"This conclusion also renders it unnecessary for us to consider the questions discussed by the Court of Appeals in its opinion, in respect to one of which see *Belknap v. Schild*, 161 U. S., 10; but for the reasons stated its decree, dismissing the bill, is affirmed."

The opinion of the Court in *Hollister v. Benedict* and *Dashiell v. Grosvenor*, referred to above, characterized the use by the Government of the subject-matter of a patent, without the consent of the owner, but under circumstances involving a recognition of his right, as a taking by the Government in the exercise of its power of eminent domain, and petitioner, at page 15 of its brief, points out, under subhead "B," that:

"Prior to the Act of 1910 a patentee had a remedy in the Court of Claims or District Courts where his patented rights were taken under the exercise of the power of eminent domain."

Such a taking was not, of course, a tort, but nevertheless petitioner contends that a taking under the Act of 1910 would be a tort, and in this connection it cites, in addition to several cases which we have just discussed, the following:

Brooks v. U. S., 39 C. Cls. 494.

Bethlehem Steel Co. v. U. S., 42 C. Cls. 365.

U. S. v. Russell, 13 Wall., 623.

U. S. v. Great Falls, 112 U. S., 645.

As we read these cases, they not only fail utterly to support petitioner's contention, but are clearly opposed to it.

Whether the Courts were correct in the theory that Government use of an invention, without the owner's consent, but under circumstances involving recognition of his right, was, prior to the Act of 1910, a taking under eminent domain, would appear to depend upon the existence, at the time, of adequate provision of law, under which such patent owners could sue for compensation and actually get a judgment against the United States, as it has been uniformly held that in every taking under eminent domain the law implies a promise by the Government to make just compensation to the owners of the property so taken (*United States v. Burns*, 12 Wall., 246; *Cammeyer et al. v. Newton et al.*, 94 U. S., 246; *Belknap v. Schild*, 161 U. S., 110; *James v. Campbell*, 104 U. S., 352; *United States v. Russell*, 13 Wall., 623; *Cherokee Nation v. Southern Kan. Ry. Co.*, 135 U. S., 641; *Sweet v. Rechel*, 159 U. S., 380; see also *Lewis' Eminent Domain*, 3d ed., vol. 2, secs. 675, 679, and *Cooley Cons. Lim.*, 7th ed., p. 813), and unless the Courts have authority to entertain such suits and award judgment, the remedy would be in theory only.

We do not here enter into a detailed discussion of the history preceding the Act of 1910, nor into argument as to the rightfulness of the decision in *Crozier v. Krupp*, because these matters are more fully considered in the brief filed in this Court in the companion case of *William Cramp & Sons Ship & Engine Building Co. v. International Curtis Marine Turbine Co.*, No. 393, on behalf of the petitioner in that case.

This Court, in *Crozier v. Krupp*, points out that prior to the Act of 1910 there was no redress or remedy for owners of patents used by the Government without their consent and without recognition of their right—that is to say, under the circumstances that would otherwise undoubtedly have justified a finding by the Courts that the taking was under eminent domain—and it has furthermore been the recognized practice of the Court of Claims for years past to dismiss all such suits for lack of jurisdiction, as the evidence failed to show “a meeting of the minds” necessary to establish contract relations, and they were considered in consequence as actions sounding in tort.

By the Act of 1910 all this is changed and now, as this Court says in *Crozier v. Krupp*:

“In substance, therefore, in this case, in view of the public nature of the subjects with which the patents in question are concerned, and the undoubted authority of the United States as to such subjects to exert the power of eminent domain, the statute, looking at the substance of things, provides for the appropriation of a license to use the inventions, the appropriation thus made being sanctioned by the means of compensation for which the statute provides.”

The ruling of the Court of Claims in the *Farnham* case, cited by plaintiff (p. 14 of their brief), was based on an implied contract in fact as distinguished from a contract implied in law, such as we have in the present case and such as this Court ruled on in *Crozier v. Krupp*, and the citation is, therefore, not relevant. In our view contracts implied in fact were such as the Court of Claims had within their jurisdiction before 1910, and now the

Act of 1910 gives them jurisdiction of certain contracts implied in law.

Plaintiff apparently does not distinguish between a contract implied in fact and a contract such as is implied in law under a taking by the United States in the exercise of its power of eminent domain.

In the use by the Government of valid patent rights under circumstances from which it could be implied ~~that the owners consent~~ ^{that the owners consent} was obtained, we would have a contract implied in fact, on which, under the law and independent of the provisions of the Act of 1910, recovery could be had by suit in the Court of Claims.

In a similar use, without the owners' consent implied in fact, we would have, under the Act of 1910, a contract implied in law, on which just compensation would be recoverable by suit in the Court of Claims.

We are in entire agreement with the Fourth Circuit Court of Appeals in the case above (*Dashiell v. Grosvenor*), that the actual consent of the owners of patented devices is desirable and should be first obtained, if it conveniently and reasonably can; but this is utterly impossible in the great majority of instances, for the reason that there is no practical course known by which the Government can determine in advance the particular patent or patents likely to be involved in apparatus and devices it adopts, and, as a rule, urgently needs for immediate use.

If the Act of 1910 did nothing more than to eliminate the uncertainty previously existing as to the right of use of patented inventions by the Government whenever needed and the right of recovery of just compensation by the owners for such use, it accomplished a great purpose in the interest of all parties concerned.

Ordinarily notice of such use by the Government is not received from owners of patented inventions until long after the apparatus has been put to extensive use by either or both the Army or Navy, and then it usually comes for the first time in the form of suit in the Court of Claims.

There is no evidence in the present case that notice was served on the Government by the petitioner that the apparatus on which it advertised for bids was within the claims of the patent in suit.

The delay on the part of owners of patents is doubtless due in many instances to their not being aware of the use by the Government of apparatus within their patents, and knowledge of such use is usually obtained through accidental or indiscreet disclosure by some Government officer or employee.

It is generally recognized that in order to properly safeguard the nation, secrecy is absolutely necessary in many cases of Government use of apparatus and devices of various kinds, particularly in the equipment for the Army and Navy, in which most of the uses by the Government of patent inventions arise.

To require the Government to seek out and bargain with owners of patents, before availing itself of the most advanced ideas, would so seriously interfere with and disadvantage the Government in the proper performance of its functions as to at times seriously imperil the safety of the country.

It has been the practice of both the Army and Navy for years past to observe the utmost secrecy with reference to the development of military plans and the construction and operation of the equipment required in effectively carrying out such plans. Strict adherence to this policy is evidenced from time to time by the refusal of the Secretary of the Navy and the Secretary of War to furnish depart-

mental data, on call by the Court of Claims, made at the request of plaintiffs or claimants before that Court in suits against the Government, such refusal being based on the ground that publication of the data would be detrimental to public interests.

The Court in the case above referred to (*Dashiell v. Grosvenor*) seems to have recognized and appreciated the difficulties the Government would experience in attempting to first obtain the consent of the owners of patents before adopting and using patented subject-matter, as it ruled that such consent

"is not positively necessary in order to enable the United States to use the invention described in the letters patent, particularly in cases where it relates to the mode of construction of implements of warfare required by the Government, and indispensable to the armament of its vessels of war."

There can be no doubt about the apparatus to which the present case relates being one of the most effective and invaluable implements of warfare required by the Government, and as such indispensable to vessels of war, as it constitutes the only known means of long-distance communication available for use to-day from ship to ship and from ship to shore.

If the rule were otherwise than as stated in the case above, it would be quite within the power of the owner of a patent to hold vessels of war from going into commission, as was threatened in the present case.

The Acting Secretary of Navy, in the letter to which attention has been several times called (Rec., pp. 60-61, fol. 97), says, referring to the wireless sets called for by Simon's contract :

"In the case of these sets *time of delivery is an important consideration*, owing to the fact that some of the ships to which the sets are to be assigned are nearing completion."
(Italics mine.)

And again, in another letter, addressed to the Court below (Rec., pp. 79-80, fols. 130-131), Mr. Roosevelt, the Acting Secretary, says:

"I have the honor to advise the Court that any interruption of or interference with, by injunction or otherwise, the fulfillment by Mr. Emil J. Simon, the defendant in said case, of his contract with this Department for such radio apparatus would embarrass the Department and seriously disadvantage the public interests, and that any hindrance of business relations with him would be detrimental to the interests of the naval service."

The failure of the Marconi Company and its licensees (National Electric Signaling Company and National Electrical Supply Company) to qualify as ready and able to supply the Navy with wireless apparatus of the high standard required, followed by the attempt to enjoin the manufacture and delivery of such apparatus to the Navy by Simon, makes it plainly evident that it was certainly through no lack of desire or effort on the part of the petitioner here that the submarines and other naval vessels for which the sets were intended were not held up and prevented from going into commission.

It was the rule of law laid down by this Court in *Crozier v. Krupp* that made those vessels and many others since then available to the Navy for service in the present war, and it may be added that success by the Marconi Company in this case in

the court below would undoubtedly have resulted in seriously weakening the military arm of the Government in extremely critical times.

The Act of June 25, 1910.

[36 U. S. Statutes, 851, 852. Paragraphed for Convenience.]

An Act To provide additional protection for owners of patents of the United States, and for other purposes.

Be it enacted, etc., That whenever an invention described in and covered by a patent of the United States shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims:

Provided, however, That said Court of Claims shall not entertain a suit or reward compensation under the provisions of this Act where the claim for compensation is based on the use by the United States of any article heretofore owned, leased, used by, or in the possession of the United States:

Provided further, That in any such suit the United States may avail itself of any and all defenses, general or special, which might be pleaded by a defendant in an action for infringement, as set forth in Title Sixty of the Revised Statutes, or otherwise:

And provided further, That the benefits of this Act shall not inure to any patentee, who, when he makes such claim, is in the employment or service of the Government of the United States; or the assignee of any such patentee; nor shall this Act apply to any device discovered or invented by such employee during the time of his employment or service.

Approved, June 25, 1910.

This Court, in its ruling in *Crozier v. Krupp Co.*, *supra*, described the situation prior to the passage of the Act of 1910 as follows:

“Where it was asserted that an officer of the Government had infringed a patent right belonging to another—in other words, had taken his property for the benefit of the Government—the power to sue the United States for redress did not obtain unless from the proof it was established that a contract to pay could be implied—that is to say, that no right of action existed against the United States for a mere act of wrongdoing by its officers.”

In other words, prior to the Act of 1910, the jurisdiction of the Courts was so limited, with reference to suits against the Government for the use of patented inventions, that only those suits could be entertained in which it was established to the satisfaction of the Court that the Government was a licensee under either an express or an implied contract, and any recovery in such suits represented royalties—not profits or damages. (*United States v. Burns*, 12 Wall., 246.) The action was brought on the theory of contract—that is to say, a license agreement with the Government under the patent sued on.

As stated by petitioner, at page 13 of its brief, under subhead “A”:

“Prior to the Act of 1910 a patentee had a remedy in the Court of Claims by a suit against the United States for its lawful use of an invention” (citing *Schillinger v. U. S.*, *Belknap v. Schild*, and *Russell v. U. S.*).

To have proceeded against the Government, as an infringer, demanding an accounting and judgment for profits and damages, would have resulted in the suit being dismissed as an action sounding in tort, over which the Courts had no jurisdiction.

It was the fact that the great majority of such uses of patented inventions by the Government was not as actual licensee and recovery was therefore impossible, that led to the passage of the 1910 Act.

This Court found to this effect in *Crozier v. Krupp*. Referring to the rule of prior statute law, barring tort or infringement actions against the United States the Court said:

"The enactment of the Statute" (Act of June 25, 1910) "we think, grew out of the operation of the prior statute law concerning the right to sue the United States for the act of an officer in infringing a patent as interpreted by repeated decision of this Court" (citing cases). " * * * Evidently inspired by the injustice of this rule as applied to the rights of the character of those embraced by patents, because of the frequent possibility of their infringement by the acts of officers under circumstances which would not justify the implication of a contract, the intention of the statute to create a remedy for this condition is illustrated by the declaration in the title that the statute was enacted 'to provide additional protection for the owners of patents'."

The title to the Act is cited by the Marconi Company, in further support of its main contention, that the Act of 1910 is an enlarging and remedial statute by which the United States simply consents to be sued in tort for infringement.

Obviously, the "additional protection" provided by the statute for the owners of patents, was not against the use of the subject-matter by the Government, nor was it intended to bar, limit or otherwise restrict such use, in view, as stated by this Court in *Crozier v. Krupp*, of

"the grave detriment to the very existence of government which might result from interference with the right of the Government to make and use instrumentalities of the character of those with which the patents in question are concerned."

If, as contended by the Marconi Company, use by the Government is an infringing use, for which a tort action lies, then use by contractors for the Government would be a similar use, and in tort actions against such contractors it is readily conceivable that the resulting delay and interference with the work under the contracts might easily threaten the very existence of the Government and the Nation as well.

In the early case of *Heaton v. Quintard* (7 Blatchf., 73; Fed. Case 6311), the Court remarked upon the resulting embarrassment to the Government from interference with the work of Government contractors. In that case a bill was filed, praying for an injunction and accounting against a contractor for the Government and charging him and his men with infringement, in applying armor, alleged to be covered by the patent sued on, to the monitor *Onondaga*, then under construction for the United States Navy at the contractor's shipyard.

In ruling on this case, Judge Blatchford said:

"One of the defenses set up in the answer is that, as the wooden armor and outside

plating were built in consequence of an order given for that purpose by the Secretary of the Navy of the United States, and were applied to a vessel built for the United States, and were paid for to the defendants by the Secretary of the Navy, the defendants are not liable for any value which such armor may have been to the United States. *I think this is a good defense.* To hold that workmen and employees of the Government, who do work for it upon a vessel owned by it, and are paid for doing such work, such work being done in a specific form by orders of the Government, can be held liable in a court of the United States for infringing a patent by doing such work, would be, in effect and substance, to allow the Government itself to be sued, in the guise of a suit against its workman, *and would lead to embarrassments of the operations of the Government, which might prove of serious detriment.*" (Italics mine.)

The Acting Secretary of the Navy advised the lower Court to the same effect in the present case (Rec. p. 79, fol. 130) :

"I have the honor to advise the Court that any interruption of or interference with, by injunction or otherwise, the fulfillment by Mr. Emil J. Simon, the defendant in said case, of his contract with this Department for such radio apparatus would embarrass the Department and seriously disadvantage the public interests, and that any hindrance of business relations with him would be detrimental to the interests of the naval service."

The Marconi Company further urges that this Court decided, in *Crozier v. Krupp*, that the Act, as contended by petitioner, is an enlarging and remedial statute by which the United States simply

consents to be sued in tort for infringement and then proceeds to point out, according to its view, the distinguishing fact between that case and this one, *i. e.*, that no pecuniary benefit accrued to General Crozier personally, while Simon infringed for his personal profit.

It is true that no pecuniary benefit, in the nature of personal profits on the manufacture, accrued directly to General Crozier, but indirectly he was compensated, and probably in excess of Simon's profits, by the salary received for the time he devoted to the subject-matter on which the suit was based.

The lower Court suggests on this point that the Government

"could take Simon into its employ at a stated stipend, and it could even make that stipend the exact amount of his estimated profits under the contract."

And adds:

"If this had been done, the plaintiff could certainly do nothing but institute an action in the Court of Claims. *Simon would be as immune as an Admiral.*"

Certainly an express or an implied licensor of the Government would have no right of action against those assisting the Government in carrying out its license or doing for the Government what the Government had a lawful right to do for itself.

This is a fixed rule of law so well established and generally recognized and admitted as not to require the citation of authorities to support it, yet we find petitioner here contending that the purpose and object of the Act of 1910 was to give to

owners of patents, used by the Government since its passage, a right of action against the Government, *in addition* to the alleged previously existing right of action against Government contractors for an injunction and an accounting for profits and damages.

In other words, the Marconi Company asks this Court to hold, as to owners of patents who, before the enactment of the statute, had no redress or remedy against the Government for use by the Government of their patented inventions, that, under the provisions of this law, such owners now have vastly greater and better rights than are enjoyed by the Government's express and implied licensors.

The obvious consequence of such a ruling by this Court would be for all patent owners, in their own interest, to avoid, in every way possible, becoming parties to either express or implied license agreements with the Government and await the psychological moment when a Government contractor began work under his contract, then have him enjoined and an accounting decreed, and, either at the same time or thereafter, proceed against the Government, by suit in the Court of Claims, for compensation, for its share in the transaction. The result would be to cut off the Government's source of supply of the apparatus contracted for, as far as the particular contractor involved was concerned.

But, it may be suggested, that if it were shown to the Court that the need for the apparatus was urgent and the Government could not obtain it elsewhere, the Court would then refuse to enjoin the contractor, in order to permit him to carry out his contract.

Petitioner will no doubt go as far as to agree that under such circumstances, a contractor for

the Government should not be enjoined, but at the same time will insist that notwithstanding the refusal of an injunction, the contractor should be held for an accounting for profits and damages.

A ruling by this Court sustaining the Marconi Company in the position it takes here, would be notice to all contractors, past, present and future, that a Government contract, as a business proposition, is an uncertain investment, in that they may not only fail to realize the estimated profits on the work done, but may actually be put to heavy losses from the costs of patent litigation. The purpose of the Act of 1910 was to avoid "the grave detriment to the very existence of government which might result from interference with the right of the government to make and use instrumentalities of the character of those with which the patents in question are concerned" (*Crozier v. Krupp*, pp. 306-307), and to provide protection for the owners of patents, which were used by the Government, without an express license or a license implied in fact. It was such owners who, up to the time of the passage of the Act, were without protection and complained of being unfairly treated and demanded relief and justice.

There was, therefore, no occasion for legislation to provide additional protection for the Government's actual licensors, either express or implied in fact. They needed no additional protection; their license contracts or agreements with the Government fully protected them, in that they enabled them, when necessary, to proceed against the Government in the Courts for a full recovery of all royalties due and obtain judgment for the same.

Certainly an express or an implied licensor would have no right of tort action against those assisting the Government in carrying out its license

and reasoning now by analogy, why should the Act of 1910 endow owners of patents who become constructive licensors under its provisions and who, prior to its passage, had no remedy, with any better or greater rights?

The effect of the Act was to give equal rights and advantages to all owners of patents used by the Government; to give them all recognition as the Government's licensors, and as such permit them to go into court and, on establishing their title to the patent, the validity of the patent and its use by the Government, to recover whatever was due in the way of royalties.

The provisions of the Act fully met the situation complained of and completely remedied the injustice previously suffered.

As stated by this Court, in *Crozier v. Krupp*, the Act of 1910

"adds to the right to sue the United States in the Court of Claims already conferred when contract relations exist the right to sue even although no element of contract is present."

That is to say, no element of an express contract or a contract implied in fact is present, but this Court held that in the absence of either of the contracts mentioned, the statute provides for the appropriation of a license, *i. e.*, a contract implied in law, under which an action may be brought for the recovery of just compensation, the Court, saying (p. 305) :

"In substance, therefore, in this case, in view of the public nature of the subjects with which the patents in question are concerned and the undoubted authority of the United States as to such subjects to exert the power of eminent domain, *the statute*,

looking at the substance of things, *provides for the appropriation of a license to use the inventions*, the appropriation thus made being sanctioned by the means of compensation for which the statute provides." (Italics mine).

Then, after holding that the compensation provided for need not precede appropriation, in view of the fact that the statute provides adequate means for a reasonably just and prompt ascertainment and payment of the compensation, the Court said (pp. 306-307) :

"Coming to apply these principles, and confining ourselves in their application, as we have done in their statement, strictly to the conditions here before us, that is, the intangible nature—patent rights—of the property taken, the great possibilities in the essential operations of government that such rights may be invaded by incorporating them into property of a public character, of the vital public interest involved in the subject-matter of the patents in question, and the grave detriment to the very existence of government which might result from interference with the *right of the government to make and use instrumentalities of the character of those with which the patents in question are concerned*, of the purpose which the statute manifests to add additional protection and sanction to private rights, and the pledge of the good faith of the Government which the statute plainly implies, to appropriate for and pay the compensation when ascertained as provided in the statute—we think there is no room for doubt that the statute makes full and adequate provision for the exercise of the power of eminent domain for which, considered in its final analysis, it was the purpose of the statute to provide." (Italics mine).

This action was against an officer (Crozier) of the Government. The action was begun June 8, 1907 (three years before the Act of June 25, 1910). The plaintiff below waived an injunction as to guns already manufactured and in the possession of the Government, but asked for an injunction against Crozier as to further manufacture. This Court (p. 308), after commenting on the fact that the bill had been amended by stipulation so as to waive all claims on the prior use of the guns, a preliminary injunction, and all right to an accounting, said (p. 308):

“As a result the case was confined solely to obtaining at the end of the suit a permanent injunction forbidding the making of, or causing to be made by the defendant, guns or gun carriages embodying the inventions owned by complainant.

Upon the hypothesis that the decree of the Court below * * * was correct under the conditions existing when it was rendered” (October 7, 1908), “clearly, under the circumstances now existing, that is, the acquiring by the government, under the right of eminent domain, as the result of the statute of 1910, of a license to use the patented inventions in question, there could be no possible right to award at the end of a trial the permanent injunction to which the issue in the case was confined.”

The question involved there was not one of the Court's discretion to suspend or refuse the remedy of injunction; the question was as to the right of the Court to grant an injunction after the Act of June 25, 1910, as to matters arising since that Act. This Court decided that the lower Court had no such right. And it so decided this question in the abstract, uninfluenced one way or the other by

the fact (of which plaintiff's brief attempts to make a point) that Crozier was an officer of the Government. This was the view taken in *International Co. v. Cramp & Sons Co.* (202 F. R., 932, 951; 211 F. R., 124, 153), to which we will presently refer. However, the fact that Crozier was a Government officer would not distinguish the present case from that of *Crozier v. Krupp*, for the reason that, admittedly, the defendant here supplies to the Navy Department only parts of transmitter apparatus which the officers of the Navy Yard add to and install, and that he supplies such apparatus as a contractor or temporary employee of the Government. And it is not until such additions and installations are made that, even according to the plaintiff's view, anything is produced which embodies the alleged inventions of the Marconi patent and which, therefore, as petitioner contends, infringes the claims in issue of this patent.

Furthermore, the question in *Crozier v. Krupp* was not one of ousting the Court from jurisdiction *once acquired*, because in *Crozier v. Krupp* jurisdiction had been waived by the plaintiff as to guns already manufactured and delivered, the plaintiff merely attempting to get an injunction as to guns which might be manufactured and sold in the future, in which contention it was overruled by this Court.

In the case of *International Co. v. Cramp & Sons Co.* (202 F. R., 932, 951; 211 F. R., 124, 153), the defendant was a private corporation, the action was begun in 1909 (one year before the Act of June 25, 1910); and the manufacture of the alleged infringing turbines was begun before the bill

was filed, delivery thereof being made some time subsequent. Plaintiff waived the application of any decree to the vessels in which these turbines were installed, or to the Government in respect thereof. The Court said (p. 958) :

“The bill was filed in 1909, and WE THINK THERE WAS THEN NO DOUBT THAT THE COURT BELOW HAD THE RIGHT TO ENTERTAIN IT. It had been much debated, and had been variously determined, how far an injunction might interfere with the acts of government officers, who in their official capacity were infringing or were threatening to infringe the rights of patentees. The Supreme Court had refused to permit a plaintiff to interfere with property owned by the government and in its actual possession, but no such decision had ever been made concerning property that was still in the course of preparation for public use by a contractor with the government. The facts in *Dashiell v. Grosvenor*, 13 C. C. A., 593, 66 Fed., 334, 27 L. R. A., 67, present this situation as nearly as any other case, and it may be worthy of note that the Supreme Court took jurisdiction of that dispute on the merits, and decided the question of infringement. On the face of such a bill as is now presented, the controversy is primarily between individuals, and no reason is perceived why the equitable jurisdiction of a court does not attach. There may be sufficient reasons of public policy to induce the refusal of relief by injunction, either at a preliminary stage or after final hearing; but this is a separate question, distinct from the principal matters of dispute, and does not operate retroactively to take away the power of the court to hear and determine the controversy on its merits. The relief to which a plaintiff would ordinarily be entitled in a suit between individuals, may be denied in a par-

ticular case for special reasons; as it may be denied where no question of public policy can possibly arise; but, we repeat, this of itself does not *oust* the court of its equitable jurisdiction to hear and decide the suit." (Caps and italics mine.)

In this part of its opinion, the Court obviously merely holds that, because the action was begun in 1909, the lower Court then had equitable jurisdiction, and having once had jurisdiction it should retain it—and that is all. However, considering the case as to matters arising since the Act of June 25, 1910, and the effect of that Act on the question of jurisdiction, the Court said:

"But since the suit was brought, the act of 1910 has been passed, and has been interpreted by the Supreme Court in the recent case of *Crozier v. Krupp*, 224 U. S., 290, 32 Sup. Ct., 488, 56 L. Ed., 771. This statute, we think, furnished a practical solution of the questions arising upon this branch of the case. Even if the plaintiff did not disclaim the desire to interfere with the government's possession of the vessels, there is no longer any ground upon which a final injunction can be properly rested, *even in a suit against a contractor with the government*, where the dispute concerns such property as vessels of war. If the United States has infringed, or shall hereafter infringe, the patents that we have been considering, the act of 1910 permits the plaintiff to sue in the Court of Claims. *Crozier v. Krupp, supra.*" (Italics mine.)

Here the Court, in terms, decides that, in view of the Act of June 25, 1910, there is no equitable jurisdiction as to acts committed since that date, by the United States or any private individuals, as "contractors," acting for it.

Apparently considering a suggestion that because of the manufacture by a contractor for the Government of apparatus embodying the alleged inventions of the patent, a general injunction should issue against the defendant, the Court made the following very significant statements:

“And if the defendant shall undertake to infringe hereafter by making offending turbines for commercial use, relief can be obtained by another suit. The plaintiffs are entitled to a decree sustaining patent No. 566,969 so far as indicated in the foregoing opinion, and ordering an account, but an injunction will be denied.”

The reason for ordering an account was that, as the Court had equitable jurisdiction at the time the suit was begun, it was not ousted from its jurisdiction of the case by the Act of June 25, 1910, as to matters occurring prior to that Act; but that, although it could not grant an injunction, it could, under well-settled rules, retain the suit for the purpose of the accounting which it ordered.

Under the law, therefore, as stated in the Act of June 25, 1910, and as stated in the two decisions to which we have referred, the lower Court had no equitable jurisdiction of the present case, in that it could not grant the injunctive relief prayed for. There was no tortious act committed or threatened by defendant. Such an act is an essential prerequisite for an injunction, preliminary or perpetual.

As the Federal Government has the right, under the Act of June 25, 1910, to make and use the alleged inventions of the Marconi patent, it necessarily has the right to employ others to make such apparatus for it.

In this connection, we desire to call the attention of the Court to a misstatement appearing in petitioner's brief, and throughout the affidavit of Mr. Bottomley, vice-president, etc., of the plaintiff company, as to the character of the transactions between the respondent and the Navy Department. These transactions are referred to as SALES of wireless telegraph apparatus made by the defendant to the Navy Department. The statement is contrary to the facts presented on the motion below, even by the plaintiff's moving papers, from which it affirmatively appears that Simon does not SELL wireless telegraph apparatus to the Navy Department (or anyone else). As to such apparatus, he is merely a contractor, making and supplying it to the Navy Department (and no one else) on its orders. He is, therefore, not a vendor of such apparatus, as stated in the case of *Johnson Co. v. Union Co.*, 55 F. R., 488, which also lays down the law that one who has a license to make has a right to employ others to make the patented device for him, the language of the Court being as follows:

"* * * the facts are that the railroad company, first named, having acquired a right by license to make and use the signals on its lines, contracted with the appellant to make and erect them for a stipulated compensation; and that the latter did make and erect them accordingly. This was not a violation of the appellee's rights. The appellee, however, claims that it was, because the transaction, as it thinks, constituted a sale within the meaning and prohibition of the patent laws. A contract to make and deliver specified articles for a given sum, is held under the statute of frauds not to constitute a sale, but simply an agreement for materials and labor. (*Mixer v. Howarth*, 21 Pick., 265; *Spencer v. Cone*, 1 Mete.

[Mass.], 283; *Goddard v. Binney*, 115 Mass., 450.) It is unimportant here, however, by what name the transaction is designated. No injury resulted to the appellee. The appellant did for the railroad company, at its instance, only what the latter had a right to do under its license. The suggestion that it could not employ others to make the signals for its use, but must make them itself at its own shops, by its own workmen, is unwarranted by anything found in the license, or elsewhere. As it had a right to make them, the appellee is not interested in the place or manner of its exercise. Nor is there any support for the suggestion that the appellee is entitled to a profit on the manufacture. The right to such profit passed with the license, irrespective of the individual who might do the work."

The license there considered was a voluntary one; while that appropriated by the Federal Government in the present case, under the Act of June 25, 1910, is what may be termed a compulsory constructive license, but this does not affect the situation.

If now, as held by this Court, the Act operated to create a license in favor of the Government, the next question to be considered is to what extent, if any, the Government is limited in the free exercise of the rights ordinarily conferred, to make, use and sell the patented device.

On this point, the ruling of the lower Court, as affirmed by the Court of Appeals, was to the following effect:

"What the Act contemplates being done by the United States is to *use* an invention 'described in and covered by a patent.' This is held to be equivalent to the expropriation

or appropriation of a 'license to use the inventions.' This means a license in its widest sense, *i. e.*, both to make and to use, and possibly to sell; but certainly to make and to use.

* * * * *

The United States has a license under this patent to make, use and perhaps to sell, to any extent deemed beneficial to the commonwealth, and without any territorial or other limitation upon its right."

Obviously, the license to the Government is unrestricted and protects those who do for the Government that which the Government has a right to do under the license.

At the present time, for example, as was also true to a much more limited extent in the past, the Government has, of necessity, through lack of manufacturing facilities of its own, been compelled to obtain, without delay, vast quantities of supplies of various kinds, particularly war material, from outside sources, and many claims made against the Government for compensation for the unauthorized use of patented inventions prior to the Act of 1910, were based on material thus obtained.

To hold that the license to the Government is a limited license to "use," in the narrow sense of the use of machines or apparatus, would defeat the very purpose this Court, in *Crozier v. Krupp*, held the Act was intended to serve, to wit, to avoid "interference with the right of the Government to make and use" inventions in the interest of the Commonwealth.

Even if the word "use" be taken in the narrow sense, it is nevertheless well settled that the right to use an invention implies the right to make the same.

In *Illingworth v. Spaulding*, 43 F. R., 827, Judge Green, for the District of New Jersey, said (p. 830) :

"The right to use the guides upon disk-rolling machines implies the right to make them so that they may be used. Any other construction would put the defendants at the mercy of the complainant. If they could not rightfully make the guides, how could they exercise the right to use which had been granted them? From what source could they obtain the necessary guides? There is no obligation upon the complainant to supply them. He does not pretend that he made them for sale or ever offered them to the public. And if he declined to make them for the defendants, as he lawfully could, the result would be that the license would be defeated and practically become null and void. I think the principle applicable to cases like this is well stated in *Walker on Patents*, Sec. 298:

'An express license to use a limited or an unlimited number of specimens of a patented article, implies a right to make these specimens, and to employ others to make, and will protect others in making them for the use of the licensee.' "

It having been shown first, that under the provisions of the Act, as interpreted and construed by this Court, a license is imposed in favor of the Government, and second, that such license covers both the making and the use of the patented invention, the decision last quoted brings up and rules that the licensee is not limited to making with his own hands but may employ others to make the invention, and that such employees will be protected in the making for the licensee.

On this point, the attention of the Court is called to the case of *Stone-Cutter Co. v. Shortsleeves*, 16 Blatchf., 381. In that case, the patentee of the invention in steam stone-cutting machines, granted to a corporation the right to use the patented machine, or any number of such machines, in its quarry. In ruling on the case, the Court held that the grant conveyed the right to make the machines for said use.

In *Woodworth v. Curtis*, 2 Woodb. & M., 524, the grant was as follows:

"I do license and empower the said Thomas H. Holland and his assigns to use one machine in Boston aforesaid."

In construing this license, the Court says:

"The first question is, did this involve the right to make or procure to be made the machine thus permitted to be used? I think it did. Otherwise, the whole license might be defeated, if the grantor refused to make for him at all, or to make at any but an exorbitant price or demanded another consideration for a right in the grantee to make for himself, under a license like this.

I think, in accordance with these decisions, it must be considered that, by the license which he granted to the defendants, the complainant empowered them to make the guides which he authorized them to use."

Reference by the Court in the decision just above quoted to the possibility of the grantor of a license to use, defeating it by refusing to make for the grantee or to make at any but an exorbitant price, brings to mind here that while the Marconi Company did not refuse to make the apparatus for the Government, it certainly failed to indicate its

willingness or ability to supply the same, as it did not submit a bid, or otherwise compete for the contract, except so far as it may have been interested in the bids of its licensees, the National Electric Supply Company of Washington, D. C., and the National Electric Signaling Company of Pittsburgh, Pa., whose bids, it may be remarked, were approximately 25% and 100% higher, respectively, than Simon's (Rec., 58, fol. 95).

In *Steam Stone-Cutter Co. v. Shortsleeves*, 16 Blatchf., 381 (Fed. Case, 13,334), cited by Judge Green, in the above quotation, Judge Wheeler said:

"It is a maxim of the common law that one granting a thing impliedly grants that also without which the thing expressly granted cannot be had * * * and it is as applicable to grants of rights under patents, whether assignments or mere licenses, as to any other subject, where the true intent is sought for. *Curtis on Patents*, paragraph 214.

As this grant is now viewed, the right to make machines for the use expressly granted passed, and this would *include* the right to procure them to be made, and cover the making them by the one procured to make them." (Italics mine.)

In *Porter Needle Co. v. National Needle Co.*, 17 F. R., 536, Judge Lowell, in the District of Massachusetts, said:

"A license to use a machine implies the right to make and own it."

In the case of *Dunlop Pneumatic Tyre Co., Ltd. v. North British Rubber Co., Ltd.* (British patent and Trademark Cases, Vol. 21, p. 161), the license was a license to "use and exercise" the invention of

a combination patent. Justice Burne, in the Chancery Division of the High Court of Justice, said (p. 173) :

"I think that the true meaning of the agreement is that the goods sold under the license must be manufactured by the licensees, but I also think that they are not the less manufactured by them within the meaning of that clause, if they are manufactured for them by a third party, and a price is paid for that."

Upon appeal, in the Court of Appeals, Justice Vaughan Williams said :

"In my judgment the license granted by the second clause, which is what we have to deal with, is a full license, and there is nothing to restrict it at all. The words are, 'The licensors do hereby grant unto the licensees full license under Letters Patent mentioned in the second schedule hereto to use and exercise the invention protected by the said Letters Patent during the term of such Letters Patent.'

It seems to me that, if there had been nothing else at all in this license, these words 'use and exercise' would have enabled the licensees to exercise all the powers under the Letters Patent; they would be entitled to use, exercise and also to make and vend."

Lord Sterling said (p. 183) :

"I am of the same opinion. The first question is as to the meaning of the words 'use and exercise' in the second clause of the license. By that clause the licensors, who are the owners of the Patent, granted to the licensees full license under the Patent to use and exercise the invention protected by the Patent. Now the grant, by the Crown, which

is contained in a Patent, is a grant to make, use, exercise and vend the invention. Only two words are used in the license 'use and exercise': but it seems to me quite plain on the license itself that the four words were meant to be included and that the license is to be read just as fully in favor of the licensees as if it had run 'to make, use, exercise and vend the invention protected by the Letters Patent'."

Lord Cozens-Hardy also concurred and the judgment of the Court was unanimous that the license to use and exercise included the right to make.

See also:

Edison v. Peninsular Co., 95 F. R., 669

In the case cited above, particularly *Illingworth v. Spaulding*, in its approval of Section 282 of *Walker on Patents*, *Stone Cutter Co. v. Shortleeves*, *Woodworth v. Curtis*, and *Dunlop Pneumatic Tyre Co. v. North British Rubber Co.*, it will be noted that the right of the licensee is expressly recognized to have the device made for him by others than himself. To the same effect is *Montrose v. Mabic*, 30 F. R., 234, in which Judge Brown said:

"A license to a man engaged in business to make and use a patented article in his business generally, unless there is something else to restrict it, would manifestly be co-extensive with his business and continue until his business was wound up. The license in such case is not restricted to manufacturing with his own hands, or selling by his own personal efforts only. He may employ as many hands, as many salesmen and agents as his business will admit. So long as the

articles are made and sold in his business, and for his use and benefit, the sale would be within the license, though effected by the hands of hundreds of different agents and employees."

And the cases above cited expressly state the immunity of the maker for the licensee.

Thus, Section 298 of *Walker on Patents*, cited in *Illingworth v. Spaulding*, 43 F. R., 827, stated that the license

"will protect those others in making them for the use of the licensee."

Judge Wheeler in *Steam Stone-Cutter v. Short-sleeves* (Fed. Case, 13,334), says the license will

"cover the making them by the one produced to make them."

And Judge Taft, in *Thomson-Houston v. Ohio Brass Co.*, 80 F. R., 720, says that a manufacturer

"may make such a machine upon the order of a patentee or licensee, but not otherwise."

Also see *Robbins v. Columbus Watch Co.*, 50 F. R., 545, where defendants sold watch movements adapted to be used in a watch case, of which plaintiffs owned the patent. The sales of such movements to manufacturers of cases licensed by plaintiff were held not to be an infringement.

The language of the Circuit Court of Appeals for the Third Circuit in the case of *Johnson Railroad Signal Co. v. Union Switch and Signal Co.*, 55 F. R., 487, is directly in point. The Court said (p. 487):

"As respects the first, the facts are that the railroad company, first named, having acquired a right by license to make and use the signals on its lines, contracted with the appellant to make and erect them for a stipulated compensation, and that the latter did make and erect them accordingly. This was not a violation of the appellee's rights. The appellee, however, claims that it was, because the transaction, as it thinks, constituted a sale within the meaning and prohibition of the patent laws. A contract to make and deliver specified articles for a given sum: is held under the statute of frauds not to constitute a sale, but simply an agreement for materials and labor. *Mixer v. Howarth*, 21 Pick., 205; *Spencer v. Cone*, 1 Mete. (Mass.), 283; *Goddard v. Binney*, 115 Mass., 450. It is unimportant here, however, by what name the transaction is designated. No injury resulted to the appellee. The appellant did for the railroad company, at its instance, only what the latter had a right to do under its license. The suggestion that it could not employ others to make the signals for its use, but must make them itself at its own shops, by its own workmen, is unwarranted by anything found in the license, or elsewhere, as it had a right to make them, the appellee is not interested in the place or manner of its exercise. Nor is there any support for the suggestion that the appellee is entitled to a profit on the manufacture. The right to such profit passed with the license, irrespective of the individual who might do the work."

These authorities are, we respectfully submit, decisive of the case at bar. The Government, after June 25, 1910, became a licensee to use the invention of the patent in suit. As such, it had full right to make the devices itself or have them made by

others, who were protected in the making by the Government's license.

The fact that the defendant may make a profit out of the making was not a violation of the petitioner's rights and the petitioner is not entitled to the profit of the manufacturer. "The right to such profit passed with the license irrespective of the individual who might do the work."

CONCLUSION.

The Fifth Amendment to the Constitution states the condition on which the Government may take private property for public use, namely, by making just compensation. The Act of 1910 meets that condition and the Government is within its right under the Fifth Amendment and the Act of 1910 in making use of the Marconi patent. Having a right to make such use of the patent, the Government had a right to take proper steps toward that end. In the exercise of its right, it made a specific request for co-operation, and Simon responded in good faith, preparing the sample wireless set as called for by the Government. If he were to be treated as a tort-feasor and deprived of profit, other contractors would not care to respond to such calls for bids as that to which Simon responded, and the Government would be seriously handicapped in its undertakings. Having in view "the grave detriment to the very existence of government which might result from interference with the right of the government to make and use instrumentalities of the character of those with which the patents are concerned," I believe that this Court will so construe the Act of 1910 as to encourage those whom the Government asks to aid in its undertak-

ings, and to confine the plaintiff in the present case to the remedy provided in that Act.

Respectfully submitted,

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January, 1918.